

*More than
just a
paycheck . . .*

Summary of

EMPLOYEE BENEFITS

**for
State of Hawaii
Employees**

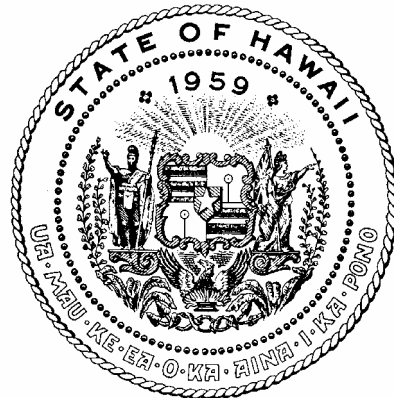


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DISCLAIMER

Important Disclaimer: This booklet has been prepared for your convenience. It is intended as a reference guide and contains general descriptions and summaries of various policies, benefits, procedures, and rules. This booklet is not a contract or binding agreement. It does not supersede laws, rules, collective bargaining agreements, policies and procedures, and benefit plan documents pertaining to the various subject matters covered. Benefits vary by type of employment appointment and collective bargaining agreement, and are subject to change.

For further information, please contact your Departmental Personnel Office or refer to the applicable laws, rules, collective bargaining agreements, policies and procedures, or benefit plan documents.

MESSAGE TO STATE OF HAWAII EMPLOYEES

As an employee of the State of Hawaii, you are part of our 'ohana - our family. And families care about each other, which is why we offer you a compensation package designed to meet your needs now and throughout your career with the State.

*The salary you receive from the State is only a part of your total compensation. We'd like to help you understand more about the **total** compensation package you receive as a valued member of our State team.*

This booklet summarizes the State's benefit programs which provide the economic security and quality of life that you and your family want today and in the future.

Our objective is to meet the needs of each eligible employee - for career advancement, vacation/sick leave, medical and retirement benefits, and elective leave for family crises. These are at the heart of our total compensation plan.

We hope you find the booklet helpful in meeting your informational needs.

If you have questions or want further information, your Departmental Personnel Office will be able to help you get the answers you need.

PUBLIC SERVICE - SHAPING HAWAII'S FUTURE

Working for the State means working for Hawaii.

As stewards of our State, you provide vital services to our citizens, contribute to the growth and development of Hawaii's economy, and make Hawaii a better place to live. You have good reason to be proud, because you and your fellow employees are the ones who lead this great State forward.

MORE THAN JUST A PAYCHECK

The State of Hawaii is one of Hawaii's largest employers and offers you a competitive compensation package. Your ***total*** compensation is comprised of your **salary** and your **benefits**.

In addition to your salary, which is an important part of your compensation package, you may be eligible for a broad range of valuable benefits, such as comprehensive health care insurance, life insurance, retirement programs, sick leave, vacation leave, and paid holidays. All of these are part of compensation that goes beyond salary.

FAMILY TIME AND VALUES

We understand that preserving and promoting family time and values is very important.

We know that you need to spend quality time with your family. Most State jobs are conducive to a standard workday with regular work hours. And because the State holiday calendar is essentially the same as the public school system's calendar, many parents can enjoy celebrating the holidays with their children. The State also gives each department the option to implement a **job-sharing, flexible working hours, or alternative workweek program**. Please check with your supervisor and/or your Departmental Personnel Office for more information.

HOLIDAYS/VACATION/SICK LEAVE/OTHER LEAVES

The State offers an attractive holiday, vacation and sick leave package to eligible salaried employees.

Holidays

The State observes 13 paid holidays per year and 14 during an election year, compared to an average of 10 holidays offered by many private companies.*

These observed holidays, as defined in the Hawaii Revised Statutes, are:

HAWAII STATE HOLIDAY	OFFICIAL DATE DESIGNATED IN THE STATUTE/CONSTITUTION
New Year's Day	The first day in January
Dr. Martin Luther King, Jr. Day	The third Monday in January
Presidents' Day	The third Monday in February
Prince Jonah Kuhio Kalaniana'ole Day	The twenty-sixth day in March
Good Friday	The Friday preceding Easter Sunday
Memorial Day	The last Monday in May
King Kamehameha I Day	The eleventh day in June
Independence Day	The fourth day in July
Statehood Day	The third Friday in August
Labor Day	The first Monday in September
Election Day (during an election year)	The first Tuesday in November following the first Monday of even-numbered years
Veterans' Day	The eleventh day in November
Thanksgiving Day	The fourth Thursday in November
Christmas Day	The twenty-fifth day in December

**Please refer to your appropriate collective bargaining agreement for your eligibility for holiday pay. Holidays which fall on Saturdays are observed on the preceding Friday; holidays which fall on Sundays are observed on the following Monday. Election days are established by the State Constitution. For State agencies which operate with other than Monday-Friday schedules, also refer to your appropriate collective bargaining agreement.*

Vacation and Sick Leaves

Vacation and sick leave benefits are collectively bargained for employees whose positions are included in a bargaining unit. For employees who are excluded from a bargaining unit, vacation and sick leave benefits are provided for under Executive Orders.

Vacation Leave

You may earn vacation leave at a rate that other employers find tough to match – 21 days each full year from the first year of employment, compared to an average of 10 days offered by private companies. And you may accumulate up to a total of 90 days (720 hours) of vacation.

Sick Leave

You may earn sick leave at the same rate as vacation – 21 days per year and there is no limit on the amount you can accumulate.

Expectant mothers may also use sick leave for pre-natal or post-natal check-ups or any illness related to pregnancy.

Plus, unused accumulated sick leave may eventually be used to increase your retirement benefits in certain situations.

Family Leave

Under the **State Family Leave Law**, you may be eligible for family leave and may use accumulated sick leave credits of up to four (4) weeks for the birth or adoption of a child, or to care for your child, spouse, or parent with a serious health condition.

To be eligible for State Family Leave benefits, you must have worked for at least six consecutive months and have at least 50% full-time equivalency (FTE).

When the necessity for family leave is foreseeable, you must provide your department with prior notice of your intended leave.

Under the **Federal Family and Medical Leave Act (FMLA)**, you may be eligible for up to 12 weeks of unpaid FMLA leave during any 12-month period, which is defined as a calendar year for State employees. You may be eligible for the following reasons:

- Birth of a child;
- Placement of a child with you for adoption or foster care;
- To care for your child, spouse, or parent with a serious health condition;
- If you suffer from a serious health condition that makes you unable to perform one or more of the essential functions of your job.

To be eligible for FMLA benefits, you must have worked for the State for at least 12 months (need not be consecutive) and worked at least 1,250 hours over the 12-month period immediately preceding your request for leave.

You may be required to provide:

- 30 days advance notice of the need to take FMLA leave;
- Medical certifications and recertification;
- A second or third medical opinion; and
- Periodic reports regarding your status and intent to return to work.

If the leave is due to your own illness, you may be required to submit a Fitness-for-Duty certificate before returning to work.

Leave Sharing Program

Under the **State's Leave Sharing Program**, you may be eligible to give and receive donated vacation credits within your department. The purpose of this program is to ease the burden of fellow departmental co-workers who would otherwise need to take time off from work without pay to recover from a serious personal illness/injury or to care for a family member who has a serious personal illness/injury and is incapable of self care. If you are interested in donating any of your vacation leave credits or wish to request leave sharing, contact your Departmental Personnel Office.

Other Leaves

You may be eligible for time off with pay for a death in the family, jury duty, military duty, parent-teacher conferences, to provide disaster relief, blood donations and blood testing for bone marrow matches.

You may be eligible for wage loss replacement benefits if you suffer a work-related injury or illness (workers' compensation benefits) or a non-work related injury or illness (temporary disability benefits).

Upon request and approval, you may be eligible for certain leaves of absence without pay for up to one year. For more specific information on leaves of absence, check your collective bargaining agreement or contact your Departmental Personnel Office.

HEALTH INSURANCE

The State offers eligible employees a choice of health insurance plans - medical, drug, chiropractic, dental, and vision - through the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

The State's contribution towards the cost of your health care plans is negotiated through the collective bargaining process. Your cost is the remaining portion of the health care plans' monthly premiums. Your contributions are made through payroll deduction.

There is no waiting period for your initial enrollment when you are hired, which means immediate coverage for you and your eligible family members. Whenever you have changes (e.g., marriage, newborn child) that could affect the coverages under your health care plan, please report those changes immediately (within 30 days) to your Departmental Personnel Office.

When you retire from the State, health insurance benefits may be available depending upon when you were hired and the number of years of credited service you have at the time of your retirement (see chart below).

Number of Years of Credited Service (excluding sick leave) At Retirement	State's Base Monthly Contributions*		
	You were hired before 7/1/96	You were hired 7/1/96 – 6/30/01	You were hired on or after 7/1/01**
10 but less than 15 years	100%	50%	50%
15 but less than 25 years	100%	75%	75%
25 or more years	100%	100%	100%

* The Base Monthly Contribution is applied to the statutory cap or actual premiums, whichever is lower. Any difference between the base monthly contribution and actual premiums will be paid by the retiree.

** If you were hired on or after 7/1/01, the State's base monthly contribution will be only for you (i.e., no contributions will be made for your dependents). If you were hired before 7/1/01, the State's base monthly contribution will be for both you and your dependents.

You are eligible to enroll in any available plans at the time of your retirement regardless of what plans, if any, you were enrolled in just prior to retirement.

For more information on the health care plans offered by EUTF, contact your Departmental Personnel Office or the EUTF office at 586-7390 or toll-free at 1-800-295-0081. You may also visit the EUTF website at www.eutf.hawaii.gov.

Premium Conversion Plan

The State's Premium Conversion Plan (PCP) provides an opportunity to most health care plan participants to save some tax dollars and make the most of their paychecks. If you are an employee of the State and enrolled in any health care plan offered through the EUTF that qualifies under the PCP Rules, your income will be taxed after your health care plan contributions are deducted, so your take-home pay should be greater than if you do not enroll in the PCP.

RETIREMENT PROGRAMS

The State understands the importance of retirement planning and offers you a variety of retirement savings plans to help you make the most of your current income and prepare for your retirement years.

EMPLOYEES' RETIREMENT SYSTEM (ERS)

The ERS was established in 1926 to provide retirement allowances and other benefits to State and county government employees. The general administration of the ERS is under the direction of a Board of Trustees, with certain areas of administrative control with the Department of Budget and Finance.

Unlike most private employers' pension plans, the State's employee retirement plan has no "offset." This means that your retirement benefits will not be reduced if you become eligible for Social Security. The ERS will help you keep up with inflation by providing an automatic 2.5% post-pension increase on your original retirement allowance effective July 1, beginning the calendar year after retirement. Members are covered by the provisions of the Noncontributory or Contributory retirement plan.

Noncontributory Plan

The State contributes 100% to the Noncontributory retirement plan for all eligible employees. Most eligible employees hired after June 30, 1984 are required to join the Noncontributory Plan.* Under this plan, you may retire with full benefits after 10 years of service and receive full benefits at age 62, or with 30 years of service at age 55 without an age reduction penalty. Should you terminate membership with 10 years of service before age 62, benefits are payable at age 65.

Upon retirement, your pension is based on your years of service multiplied by 1.25% of your average final compensation (AFC).

Since you make no contributions, there is more money available in your paycheck for your present needs and/or to fund a voluntary individual retirement savings plan.

Contributory Plan

Under the Contributory Plan, eligible employees hired before June 30, 1984, contribute 7.8% of their salary to a retirement fund. The State also contributes to this fund.

After 5 years of service, you may retire at age 55 and receive full benefits. Your retirement benefit is based on your years of service multiplied by 2% of your AFC.

Certain groups of employees are covered by special provisions of the Contributory Plan, so their benefits are based on a different rate and benefit formula.

**Bargaining Unit 11 employees are covered by the contributory plan, regardless of the date of hire.*

For more information, please visit the ERS website at: <http://www2.hawaii.gov/ers/>.

SUMMARY OF EMPLOYEES' RETIREMENT SYSTEM PLANS

		Types of Plan	
		Noncontributory Plan	Contributory Plan
Employee Contributions		NONE	7.8% of salary
Service Retirement	<i>Eligibility</i>	Age 62 and 10 years of service, OR Age 55 and 30 years of service	Age 55 and 5 years of service
	<i>Benefit</i>	1-1/4% of AFC* x years of service	2% of AFC* x years of service
Early Service Retirement	<i>Eligibility</i>	Age 55 and 20 years service	Any age and 25 years service
	<i>Benefit</i>	Maximum allowance reduced 6% per year under age 62	Maximum allowance reduced 5% per year under age 55 plus 4% per year under age 50
Ordinary Disability Retirement	<i>Eligibility</i>	10 years service	10 years service
	<i>Benefit</i>	Maximum allowance	1-3/4% of AFC* for each full service with a minimum of 30% of AFC*
Service-Connected Disability Retirement	<i>Eligibility</i>	Any age or length of service	Any age or length of service
	<i>Benefit</i>	Maximum allowance, but not less than 35% of AFC*	50% of the AFC* and return of retirement contributions.
Ordinary Death	<i>Eligibility</i>	Active employee at time of death with at least 10 years of service	Active employee at time of death with at least 1 year of service
	<i>Benefit</i>	Surviving spouse or reciprocal beneficiary and dependent children receive pension equal to a percentage of member's maximum allowance or an Option B (100% Joint Survivor) benefit for the surviving spouse or reciprocal beneficiary if eligible for retirement	Lump sum payment of member's accumulated contribution plus a percentage of final year's salary or Option 2 (100% Joint Survivor) benefit if eligible for retirement and one beneficiary designated or Option 3 (50% Joint Survivor) benefit if not eligible for retirement, credited with 10 years of service and one beneficiary designated
Service-Connected Death	<i>Eligibility</i>	Any age or service	Any age or service
	<i>Benefit</i>	Surviving spouse or reciprocal beneficiary and dependent children receive pension equal to a percentage of a member's maximum allowance or AFC*	Lump sum payment of member's accumulated contributions, plus pension of 50% of AFC* to surviving spouse or reciprocal beneficiary, dependent children or dependent parents

*AFC = Average Final Compensation. AFC is the average salary for your 3 highest years excluding vacation. If you were a member prior to 1/1/71, AFC can be your 5 highest years plus any vacation payment.

Island Savings Plan / Deferred Compensation Plan (IRC 457)

One of the most important retirement benefits you have as a State employee is the opportunity to participate in the Island Savings Plan, the State of Hawaii deferred compensation plan. This is a voluntary pre-tax retirement savings plan designed to give you a tax break today and build a "nest egg" for your future.

Should you choose to participate, your contributions are made before taxes through the convenience of payroll deduction. There are several types of savings and investment options from which to choose. You may withdraw your accumulated funds upon your termination of employment (deferred compensation), retirement, or a qualified unforeseen emergency. In the event of your death, these funds will be available to your designated beneficiaries.

And because the payroll deductions are made before taxes are withheld, you may be able to save on your taxes with each paycheck. You can also take advantage of tax-deferred savings – this means your contributions, plus any interest and earnings, are not taxed until you start taking withdrawals, usually at retirement.

For more information, please visit the website of the plan's third-party administrator, CitiStreet, at: <http://islandsavings.csplans.com>.

Tax-Deferred Annuity Plan (IRC 403 (b))

If you are an employee of the Department of Education (DOE) or University of Hawaii (UH), you may also have the option, in addition to the Island Savings Plan, of participating in the IRC 403(b) Tax-Deferred Annuity Plan (TDA). Similar to the Island Savings Plan, contributions are made before taxes through payroll deductions and provide supplemental income to your regular retirement benefits.

DOE and UH employees may view the list of authorized service providers and related information at: <http://www.plancompliancegroup.com>.

OTHER BENEFITS

In addition to comprehensive health insurance, the State offers you a variety of other benefits, including life insurance, *Island Flex* flexible spending accounts, *Flex Park* (pre-tax parking benefit), workers' compensation benefits, temporary disability benefits, and the REACH program.

Group Life Insurance Plan

The State currently pays the monthly premium for group life insurance coverage for eligible employees. No employee contributions are required. This is offered through the Hawaii Employer-Union Health Benefits Trust Fund.

Also, some employee organizations (such as unions) offer additional group life insurance plans on a voluntary, self-pay basis. For more information on the alternative group life insurance plans, please call your Employee Organization Representative, as appropriate.

Long-Term Care Insurance

Eligible employees, retirees and certain other eligible persons, including their spouses, domestic partners, as well as their parents and grandparents, and in-law parents and grandparents, may enroll in the long term care insurance plan on a voluntary, self-pay basis.

For more information on the long-term care insurance plan, please call 524-1372 or toll-free from the neighbor islands at 1-866-299-1234.

Note: The EUTF's association with the long term care plan will terminate on 12/31/05.

Island Flex Plan

So often, we find ourselves making critical health choices or putting off necessary health care because of the high unexpected costs not budgeted for in the family finances. Dependent care is also a financial concern for many families where both partners, or especially single parents, need to work to support the household. This means they must find suitable arrangements for dependent care, whether it be a baby-sitter, preschool, or after-school program for their child, or even adult day care for their dependent spouse or parent.

The State is pleased to offer you *Island Flex*, one of our employee benefit programs which may help you save in taxes while you strive to maintain a quality lifestyle. *Island Flex* FSA (flexible spending accounts) is an employee benefit program that provides you with a way to pay for your eligible health care expenses and dependent care expenses with TAX FREE money. By directing "before tax" money from your paycheck into one or both of these accounts, you can put up to 41% of the money you are spending on eligible expenses back into your pocket. For many State employees, *Island Flex* is a great way to turn certain out-of-pocket medical, dental, drug, and vision expenses and dependent care expenses into tax savings and greater spendable income.

For more information, please visit the website of the plan's third-party administrator, Comprehensive Financial Planning, Inc. at: <http://www.rrhi.com/cfp/>

Flex Park Program

This benefit program enables State employees of the Executive Branch to have eligible parking fees deducted before Federal, State, and FICA taxes are calculated. Eligible parking fees are those for parking assignments in a lot administered by the Department of Accounting & General Services. For more information on *FlexPark*, please call your Departmental Personnel Office.

Workers' Compensation Benefits

If you suffer a work-related injury or illness, benefits will be available to cover medical expenses as the nature of your injury/illness requires for as long as reasonably needed. A portion of your wages (TTD) may be paid to you if you are unable to work due to a work-related injury or illness. Plus, you are able to supplement your workers' compensation benefits with your available sick leave or vacation leave credits to ensure a full paycheck. There is a mandatory three-day waiting period starting from the first day of your disability, as certified to by a physician. Workers' compensation benefits are provided by the State at no cost to you.

Temporary Disability Benefits

If you suffer a non-work related injury or illness, you may be eligible for temporary disability benefits (TDB). This replaces a portion of your wages up to a maximum of 26 weeks if you have met all of the requirements of the State's Temporary Disability Benefits Plan (Plan). There is a mandatory seven-day waiting period starting from the first day of your disability. You must exhaust all of your accumulated (unused) sick leave credits before receiving the benefit. The duration of TDB available to you depends upon your combined total of sick leave hours used (from the 1st day of the calendar year to the day preceding your disability) and sick leave hours earned but not used as of the 1st day of your disability. TDB are provided by the State at no cost to you.

REACH Program

The State also recognizes that families may face crises and problems. So it created "REACH" (Resource for Employee Assistance and Counseling Help) for eligible employees in the Executive Branch* and such other employees who may be included under the State's contract with the REACH service provider. The REACH program provides confidential diagnostic assessment, information, referral, and short-term professional counseling services, free of charge for up to three visits, if you are experiencing personal problems that affect your work. Please check with your Departmental Personnel Office for more information.

* Excludes Department of Transportation, which has a separate employee assistance and counseling program for their employees, and student hires.

TRAINING AND CONTINUING EDUCATION

We understand the importance of your professional growth. That's why we encourage and support developmental activities related to your work. You may have the opportunity to attend in-service training, professional conferences, or seminars. And after seven years of continuous service, you may qualify for up to one year of sabbatical leave and still receive a portion of your salary. You are welcome to discuss your training and development needs with your supervisor.

COMPARATIVE BENEFITS - STATE VS. PRIVATE INDUSTRY

	STATE*	PRIVATE**
HOLIDAYS	<ul style="list-style-type: none"> • 13 days per year • 14 days per year during an election year 	<ul style="list-style-type: none"> • 10-12 days per year
SICK LEAVE	<ul style="list-style-type: none"> • 21 days per year • Unlimited accumulation 	<ul style="list-style-type: none"> • 12-15 days per year • Limited accumulation
VACATION LEAVE	<ul style="list-style-type: none"> • 21 days per year • Up to 90 days accumulation limit 	<ul style="list-style-type: none"> • 10 days after 1 year • 15 days after 5 years • 20 days after 10-15 years
HEALTH INSURANCE	Employer pays 60% or more for single or family coverage; no waiting period for eligibility	Employer pays 80%-100% for single or family coverage
DENTAL INSURANCE	Employer pays 60% or more for single or family coverage; no waiting period for eligibility	Employer pays 75%-100% for single or family coverage
GROUP LIFE INSURANCE	Benefit of \$5,200 - \$26,000 depending on employee's age; \$1,900 for retirees	Benefit of 1 to 2 times annual salary or \$10,000-\$25,000 flat amount
PENSION	<p>Noncontributory and Contributory plans (Defined Benefit Plan)</p> <p>Benefits based on earnings and years of service</p> <p>Other Plans: Deferred Compensation and Tax-Deferred Annuity Plans</p>	<p>Generally, noncontributory plans</p> <p>Benefits vary, based on earnings and years of service</p> <p>Other Plans: 401(k) Plans</p>

*Benefits effective in 2004 and may vary by collective bargaining agreements. Subject to change.

**Prevailing practices of large Hawaii companies in 2002 from the Hawaii Employers Council.

FOR MORE INFORMATION

We hope this brief summary of your benefits has been helpful to you. If you need more benefit plan information, please call your Departmental Personnel Office at the number listed on the back of this booklet, or call the following offices:

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

From Oahu, please call 586-7390.

From Neighbor islands, you may call toll-free at 1-800-295-0089.

For more information, please visit their website at: <http://www.eutf.hawaii.gov>.

EMPLOYEES' RETIREMENT SYSTEM (ERS)

Hawaii	974-4077
Maui	984-8181
Kauai	274-3010
Oahu	586-1736

For Neighbor Islands, you may also call the Oahu office toll-free at:

Hawaii	974-4000 ext. 61736
Maui	984-2400 ext. 61736
Kauai	274-3141 ext. 61736
Molokai/Lanai	1-800-468-4644 ext. 61736

For ERS members residing on the Continental USA, you may call toll-free at 1-888-659-0708.

For more information, please visit their website at: <http://www2.hawaii.gov/ers/>.

ISLAND SAVINGS PLAN / DEFERRED COMPENSATION PLAN

CitiStreet

Toll-free Information Line: 1-888-71A-LOHA (1-888-712-5642)

For more information, please visit their website at: <http://islandsavings.csplans.com>.

ISLAND FLEX PLAN

Comprehensive Financial Planning, Inc.

From Oahu, please call 596-7006.

From Neighbor islands, you may call toll-free at 1-877-550-5552.

For more information, please visit their website at: <http://www.rrhi.com/cfp/>.

Note: If you need any auxiliary aids or services (large print, braille, etc.), contact the Department of Human Resources Development at 587-1070.

Produced for the valuable employees
of the State of Hawaii by the
Department of Human Resources Development

For further information, please contact your Departmental Personnel Office.

Personnel Offices

Accounting and General Services	586-0369
Agriculture	973-9482
Attorney General	586-1394
Budget and Finance	586-1598
Business, Economic Development and Tourism	586-2440
Commerce and Consumer Affairs	586-2838
Defense	733-4243
Education - Employee Benefits Section	586-3245
Governor's Office	586-0040
Hawaii State Public Library System	831-6860
Hawaiian Home Lands	587-6436
Health	586-4513
Human Resources Development	587-1150
Human Services	586-4959 (Voice/TTD)
Labor and Industrial Relations	586-9044
Land and Natural Resources	587-0180 (TTD: 587-0190)
Lieutenant Governor's Office	586-0239
Public Safety	587-1221
Taxation	587-1504 (TTD: 587-1417)
Transportation	587-2145
University of Hawaii	956-8643

TTD = Text Telephone (for equal access to telephone use)